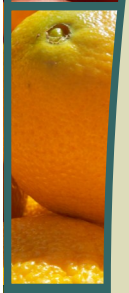

Agricultural Marketing Service

Agricultural Refrigerated Truck Quarterly

3rd Quarter, 2011
July—September

A quarterly publication of the
Transportation & Marketing Programs/Transportation Services Division

Contents:

Market Insight

Two Long-Awaited Trucking Decisions—Port of Los Angeles' Clean Trucks Program and the U.S.-Mexico Cross-Border Trucking Pilot Program

The trucking industry has been awaiting resolution of two highly controversial programs that could have a significant impact on U.S. trucking services—the Port of Los Angeles' Clean Trucks Program and the Federal Motor Carrier Safety Administration's U.S.-Mexico Cross-Border Trucking Pilot Program. These two programs have recently made progress described for you below.

Port of Los Angeles' Clean Trucks Program

On September 26, the U.S. Court of Appeals for the Ninth Circuit published its opinion, American Trucking Associations v. Los Angeles, that the Port of Los Angeles may not require independent owner-operator truck drivers to become employees of the trucking companies that serve the port under its Clean Truck Program. The court ruled the employee-driver provision is tantamount to regulation and therefore preempted by the Federal Aviation Administration Authorization Act of 1994, 49 USC 14501(c), which prevents States from regulating motor carriers' rates, routes and services. However, the court affirmed the district court's ruling that the port's financial capability, maintenance, off-street parking, and placard provisions are not preempted by the law. In response to the court's ruling, ATA CEO Bill Graves said, "This is a win for all involved: trucking companies, small business owner-operators, freight shippers and, ultimately, average American consumers."

While the Port of Los Angeles has reported it has no plans to challenge the court ruling on drivers; the ATA recently announced it will appeal the court's ruling that the port's financial capability, maintenance, off-street parking, and placard provisions are not preempted by the law under the market participant doctrine. An ATA spokesman, in a statement reported by Trucking info.com, said "ATA believes that allowing those provisions under an expansive view of 'market participation' sets bad precedent going forward and would diminish the federal preemptive powers over rates, routes and service that are important across the industry."

U.S.-Mexico Cross-Border Trucking Pilot Program

On October 27, the first Mexican truck was used to deliver long-haul cargo into the United States beyond the commercial zone under the Federal Motor Carrier Safety Administration's new U.S.-Mexico Cross-Border Trucking Pilot Program. The trucking company, Transportes Olympic, is the first company to be issued permanent operating authority to provide long-haul services between Mexico and the United States under the Memorandum of Understanding agreed to by Presidents Obama and Calderon and in accordance with the North American Free Trade Agreement and the July 8, 2011 Federal Register notice and response to public comments.

On October 21, the government of Mexico dropped the remaining 50 percent of the retaliatory tariffs that it levied on 99 U.S. agricultural and industrial products in response to the termination of the earlier pilot program in 2009. From March 2009 through October 2011 the tariffs substantially reduced U.S. truck shipments of many U.S. fruit and vegetables to Mexico. (See more details about these tariffs in the 2nd quarter 2011 *Agricultural Refrigerated Truck Quarterly.*)

While many trade associations—including the ATA, California Table Grape Commission, California Grape and Tree Fruit League, National Potato Council, and Northwest Horticultural Council—support the resolution of the dispute, others, such as the Owner Operators Independent Drivers Association (OOIDA), International Brotherhood of Teamsters, Public Citizen, Advocates for Highway and Auto Safety, and many members of Congress argue the program is anticompetitive, unsafe, unfair, and risks U.S. trucking jobs to Mexican-domiciled trucking companies.

On October 31, Senator John D. Rockefeller, D-WV sent a letter to Transportation Secretary Ray LaHood detailing his concerns that the oversight of the program for safety measures is inadequate and needs additional scrutiny. The Teamsters and Public Citizen filed a lawsuit on September 3 in the U.S. Court of Appeals for the Ninth Circuit in San Francisco. OOIDA filed a Petition for Review of Final Agency Action with the U.S. Court of Appeals for the District of Columbia Circuit on July 26. On July 6, Representative Peter A. DeFazio D-OR introduced H.R. 2407 to protect the safety of America's roads by limiting the operation of Mexican carriers beyond municipalities and commercial zones on the United States-Mexico border to a pilot program, and to prevent FMCSA from granting permanent operating authority and providing electronic on-board recorders to Mexican carriers in the program.

Mexico stands ready to reinstate the tariffs if the program is disrupted. According to Agriculture Secretary Tom Vilsack, "This dispute has cost U.S. businesses more than $2 billion. For U.S. farm exports to Mexico, exports of affected commodities were reduced by 27 percent."

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Quarterly Overview

Fruit and Vegetable Shipments

Reported U.S. truck shipments of fresh produce during the third quarter were 7.4 million tons, 16 percent lower than the previous quarter and 6 percent lower than the same quarter last year.

California accounted for 43 percent of the total reported shipments of fresh fruits and vegetables during the 3rd quarter 2011. Shipments from California totaled more than 3.2 million tons (mt), followed by the Pacific Northwest (PNW) with 1 mt (14 percent) and Mexico with .954 mt (13 percent).

The following top five commodities[1] accounted for 52 percent of the reported truck movements during the 3rd quarter 2011:

- Potatoes (12 %)
- Lettuce (10 %)
- Tomatoes (7 %)
- Cantaloupe (7 %)
- Grapes (6 %)

Truck Rates

The 3rd quarter 2011 average truck rate for U.S. produce shipments was $2.64 per mile, 4 percent higher than the previous quarter and 9 percent higher than last year. The average monthly rate reached a quarterly peak in August at $2.69 per mile.

During 3rd quarter 2011, the highest average reported rates ranged between $2.75 and $4.20 per mile for potato shipments from the Great Lakes region. Rates for lemons through the Texas-Mexico crossing points were the lowest.

Mexico truck rates for crossings through Arizona averaged $2.17 per mile, 14 percent lower than last quarter and 4 percent lower than the same quarter last year. Border crossings through Texas averaged $1.98 per mile, down 10 percent from last quarter but 19 percent higher from the same quarter last year.

Diesel Fuel

During the 3rd quarter 2011, the U.S. diesel fuel price averaged $3.87 per gallon—4 percent lower than last quarter but 32 percent higher than the same quarter last year.

[1] The top five commodities are based on movements originating in the following regions: Arizona, California, Florida, the Great Lakes, Mexico, the Pacific Northwest, and Texas, which represent 77 percent of the 3rd quarter reported shipments.

Regulatory News and Updates

House Bill Introduced to Clarify the Transport of Agricultural Commodities and Farm Supplies
On October 26, Representative Sam Graves (R-MO) and 39 bipartisan co-sponsors introduced H.R. 3265 to amend the Motor Carrier Safety Improvement Act of 1999 to clarify the applicability of exemptions relating to the transportation of agricultural commodities and farm supplies. The bill provides that regulations regarding maximum driving and on-duty time for drivers used by motor carriers shall not apply during planting and harvest periods, as determined by each State, to:

(A) Drivers transporting agricultural commodities in the State from the source of the agricultural commodities to a location within a 100-air-mile radius from the source.

(B) Drivers transporting farm supplies for agricultural purposes in the State from a wholesale or retail distribution point of the farm supplies to a farm or other location where the farm supplies are intended to be used within a 100-air-mile radius from the distribution point.

(C) Drivers transporting farm supplies for agricultural purposes in the State from a wholesale distribution point of the farm supplies to a retail distribution point of the farm supplies within a 100-air-mile radius from the wholesale distribution point.

Court of Appeals Vacates Final Rule on Electronic On-Board Recorders for Certain Interstate Trucks
On August 26, the United States Court of Appeals, Seventh Circuit vacated and remanded the April 5, 2010 final rule which required electronic on-board recorders to be installed on all trucks in certain motor carrier fleets (PDF) if the carriers were found to have a greater than 10 percent noncompliance with hours of service rules in any single compliance review, beginning June 4, 2012. The court found that the U.S. Department of Transportation's Federal Motor Carrier Safety Administration (FMCSA) did not meet the statutory requirement to "ensure that the devices are not used to harass vehicle operators."

Implications for Compliance, Safety and Accountability--Broker Held Liable for Motor Carrier Accident
On September 28, 2011, the Illinois Supreme Court let stand the March 30, 2011 Appellate Court of Illinois Third District opinion (PDF), which affirmed a September 2009 Illinois Circuit Court jury award of $23.8 million. The jury found C. H. Robinson Worldwide, a third-party logistics company, vicariously liable for a fatal accident, based on the principal-agent relationship between the company and an independent contractor driver who was bringing a tractor-trailer load of potatoes from Idaho to a C. H. Robinson warehouse in Illinois. Two persons died in the April 1, 2004 accident and one person sustained serious injuries. As a result of the ruling, shippers, receivers, third party service providers, plaintiffs' attorneys, and insurance companies will probably take a closer look at the publically available motor carrier safety records on FMCSA's Compliance, Safety and Accountability website.

Funding Bill Allows Trucks Weighing 100,000 pounds on Interstate Highways in Maine and Vermont
On November 14 the House filed the Conference Report on H.R. 2112 (PDF), making consolidated appropriations for Agriculture, Commerce, Justice, Transportation, Housing and Urban Development, and science and related programs for the fiscal year 2012. Sec. 125 will allow trucks weighing up to 100,000 pounds on Interstate highways in Maine and Vermont through December 31, 2031, compared to the current national Interstate highway limit of 80,000 pounds.

FDA Developing New Regulations on the Shipment of Products
In response to the 6-month WTHR television station investigation of unrefrigerated box trucks transporting perishable food to grocery stores and restaurants in Indiana, a Food and Drug Administration (FDA) spokesman issued the following statement to WTHR:

"FDA is currently developing new regulations that will govern the shipment of all FDA-regulated products. In implementing new shipping regulations, FDA will train State and U.S. Department of Transportation inspectors to perform food-safety inspections of vehicles shipping food. This expansion of inspection resources will significantly increase enforcement of food transportation requirements."

The USDA Food Safety Inspection Service also issued a statement to WTHR:

"Depending on where the food safety problem is discovered, the USDA takes action or DOT takes on a lead role and USDA assists. If meat, poultry, and processed products are being improperly transported, we will detain those products in order to protect consumers. We encourage the public to report suspected violations by calling 1 (888) 674-6854."

Feature Article

Hours of Service of Drivers Final Rule

On November 1, 2011 the Office of Management and Budget (OMB) received the final rule for hours of service for drivers from the U.S. Department of Transportation's Federal Motor Carrier Safety Administration (FMCSA). OMB's Office of Information and Regulatory Affairs (OIRA) will review the final rule in accordance with Executive Order 13563 and Executive Order 12866 which direct agencies to follow certain principles in rulemaking, such as consideration of alternatives and careful analysis of benefits and costs, and describe OIRA's role in the rulemaking process. The statutorily limited 100 air-mile radius agricultural exemption from the hours of service rule is not subject to this rulemaking.

Of concern to the agricultural industry, the trucking industry, safety advocates, and others is whether the final rule addresses their comments on FMCSA's December 29, 2010, notice of proposed rulemaking, reducing truck drivers' maximum hours of service and increasing their required off-duty time.

The proposed rule provided flexibility for drivers to take breaks when needed, limited drivers to either 10 or 11 hours of driving time, and required at least a 30-minute rest break after 7 hours of driving. Drivers would be allowed a maximum of 13 hours on-duty time within a 14-hour window. The window could be extended to 16 hours twice a week to allow for delays in loading and unloading, but must include a minimum of 3 hours of off-duty time. Drivers would be able to restart their work week only once every 7 days, after taking at least 34 consecutive hours off-duty that include two periods between midnight and 6 a.m.

Comments and supporting documents on the proposed rule were due by March 4, 2011, and by June 8, 2011, on four additional research studies on driver fatigue. They may be viewed at http://www.regulations.gov, under ID number FMCSA-2004-19608.

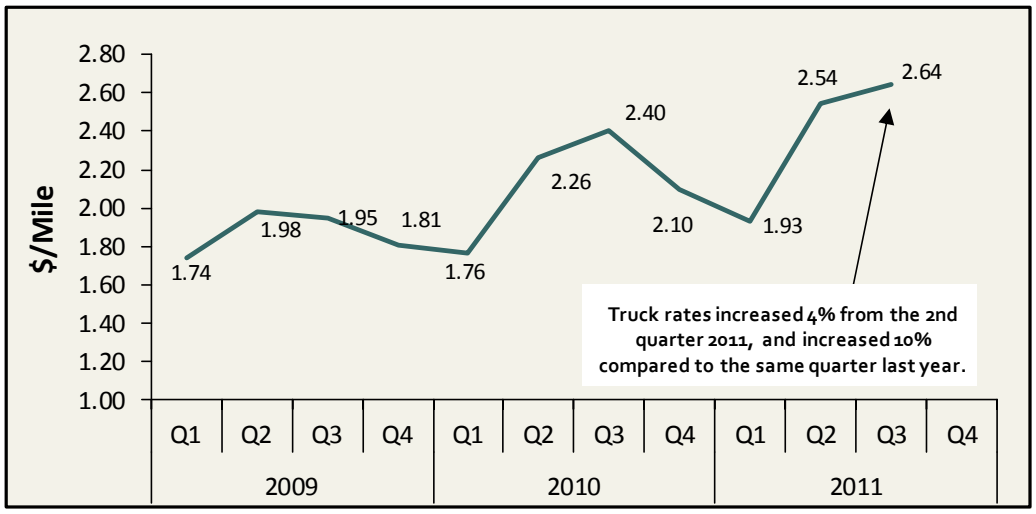
The approximately 30 agricultural related interests who filed comments included the American Bakers Association, American Frozen Food Institute, California Farm Bureau Federation, California Trucking Association, Cargill Meat Logistics Solutions, Carolina Milk Carriers, CHS, Corn Refiners Association, Dannon Company, Florida Trucking Association, Food Marketing Institute, Independent Bakers Association, International Foodservice Distributors Association, Kraft Foods, Maryland & Virginia Milk Producers Cooperative Association, National Chicken Council, National Turkey Federation, Schwan's Home Service, The Snack Food Association, Turkey Hill Dairy, Tyson Foods, United Fresh Produce Association, and U.S. Poultry & Egg Association.

The final rule follows the October 26, 2009, settlement agreement between Public Citizen, Advocates for Highway and Auto Safety, Truck Safety Coalition, the International Brotherhood of Teamsters, and FMCSA, which delayed judicial review of the current hours of service rule, pending publication of the proposed rule. While the original deadline for the final rule was July 26, 2011, the parties later agreed a final rule would be published on or before October, 28, 2011. The final rule has been further delayed and the parties plan to update the court on November 28, 2011. Once released by OMB, the final rule will be available on regulations.gov as well as in the Federal Register.

National Summary

U.S. Truck Rates

Figure 1: Average Truck Rates for Selected Long Haul Routes ($/Mile)



Source: Agricultural Marketing Service, Fruit and Vegetable Programs, Market News Branch

Table 1: Average U.S. Truck Rates for Selected Long-Haul Routes ($/Mile)

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	*Annual
2011	1.93	2.54	2.63		2.37
2010	1.76	2.26	2.4	2.1	2.13
2009	1.74	1.98	1.95	1.81	1.87
2008	1.85	2.36	2.67	2.14	2.26
2007	1.70	2.11	2.08	2.00	1.97
2006	1.79	1.84	2.14	1.84	1.90
2005	1.56	1.88	2.10	2.08	1.91

*Annual: Weighted average rate for all 4 quarters.

Source: Agricultural Marketing Service, Fruit and Vegetable Programs, Market News Branch

Table 2: Quarterly Rates for Key Origins by Month ($/Mile)

	3rd Qtr 2011			2nd Qtr 2011		
Origin	Jul	Aug	Sep	Apr	May	Jun
Arizona	3.16	n/a	n/a	2.16	2.28	3.26
California	2.85	2.87	2.80	2.41	2.68	3.00
Great Lakes	3.28	3.22	3.27	3.56	3.57	3.56
Mexico - Arizona	1.83	1.73	1.66	2.00	2.37	2.79
Mexico - Texas	2.08	1.83	1.80	2.14	2.22	2.21
PNW	1.96	1.90	1.93	1.84	1.89	1.91
Texas	2.40	2.14	2.11	2.51	2.61	2.58
Florida	2.35	n/a	n/a	2.53	2.80	2.68

Source: Agricultural Marketing Service, Fruit and Vegetable Programs, Market News Branch

Note: "n/a" indicates rates not available.

Note: The rates for 8 long-haul fruit and vegetable truck corridors are included in the national rate, weighted by commodity and origin volume.

Truck Rates for Selected Routes and Commodities

Table 3: Origin-Destination Truck Rates for Selected Routes and Commodities, 3rd Quarter 2011 ($/Mile)

Origin	Commodity	Destination							
		New York	Atlanta	Chicago	Boston	Baltimore	Miami	Philadelphia	Seattle
Arizona	Melons	3.11	3.53		2.98	3.16		3.03	
California	Carrots	2.76	2.90	2.75	2.66	2.69	2.46	2.67	4.44
	Lettuce	2.77	2.95	2.84	2.68	2.72	2.43	2.68	4.28
	Melons	2.74	2.96		2.67	2.72		2.60	
	Onions	1.97		1.96	1.92	1.94	1.84	1.87	
	Other Citrus	2.68	2.91	2.67	2.60	2.68		2.62	4.37
	Peaches	2.75	2.90		2.67	2.74	2.52	2.66	4.40
	Pears	2.88	3.07	2.79	2.74	2.72	2.47	2.79	4.26
Florida	Tomatoes	3.36	2.25	2.08	2.71	2.71	0.62	2.74	
Great Lakes	Apples		2.93	3.45					
	Blueberries		2.59	2.93		3.19			
	Cucumbers	3.25	2.36	3.10				3.08	
	Melons			2.06					
	Onions		2.47	2.76					
	Potatoes	4.20	2.91	3.57	3.55	4.04	2.75	3.64	
Mexico - AZ	Mangoes	2.08	2.09	1.71	2.19	2.11	2.28	2.15	
	Melons	2.60				3.00		2.82	
Mexico - TX	Lemons	1.89	1.82	1.49	1.94	1.79	2.01		
	Limes	2.17	1.95	1.71	2.27	2.21	1.92	2.26	
Pacific Northwest	Apples	2.45	2.63	2.35	2.15	2.23	2.00	2.22	0.34
	Onions	2.13	1.61	1.83	1.95	1.84	1.87	1.80	
Texas	Watermelon	2.29	2.23	2.01	2.48	2.29	2.26	2.58	

Source: AMS, Fruit and Vegetable Market News Branch, Fruit and Vegetable Truck Rate Reports

Truck Rates for Selected Routes and Commodities

Table 4: Origin-Destination Truck Rates for Selected Routes and Commodities, 3rd Quarter 2011 ($/Truck)

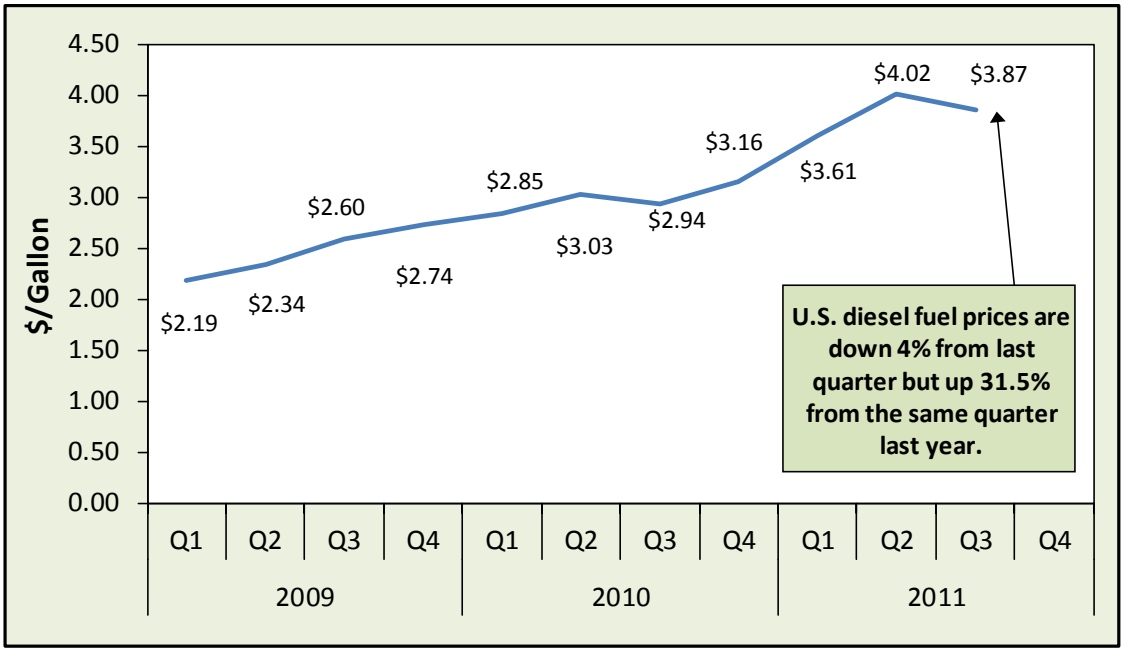
Origin	Commodity	Destination							
		New York	Atlanta	Chicago	Boston	Baltimore	Miami	Philadelphia	Seattle
Arizona	Melons	7,667	6,517		8,050	7,433		7,267	
California	Carrots	7,719	6,388	5,500	8,035	7,358	7,681	7,450	3,342
	Lettuce	7,746	6,494	5,683	8,077	7,450	7,575	7,479	3,219
	Melons	7,667	6,517		8,050	7,433		7,267	
	Onions	5,506		3,912	5,786	5,293	5,738	5,206	
	Other Citrus	7,512	6,404	5,331	7,835	7,315		7,304	3,285
	Peaches	7,692	6,389		8,046	7,485	7,856	7,431	3,308
	Pears	8,050	6,750	5,580	8,260	7,450	7,700	7,780	3,200
Florida	Tomatoes	3,700	900	2,500	4,100	3,000	1,550	3,300	
Great Lakes	Apples		2,550	1,000					
	Blueberries		2,250	850		2,300			
	Cucumbers	2,600	2,050	900				2,400	
	Melons			598					
	Onions		2,150	800					
	Potatoes	3,359	2,528	1,036	3,429	2,916	4,111	2,834	
Mexico - AZ	Mangoes	5,306	3,750	3,433	5,789	4,900	5,200	5,062	
	Melons	6,650				6,950		6,650	
Mexico - TX	Lemons	3,750	2,094	2,200	4,250	3,210	3,108		
	Limes	4,320	2,240	2,520	4,975	3,950	2,967	4,275	
Pacific Northwest	Apples	6,381	6,308	4,223	6,565	6,192	6,723	6,273	850
	Onions	5,525	3,870	3,294	5,950	5,100	6,269	5,100	
	Potatoes	5,338	4,518	3,171	5,545	4,957	6,002	5,063	
Texas	Watermelon	3,989	2,154	2,336	4,867	3,575	3,061	4,280	

Source: AMS, Fruit and Vegetable Market News Branch, Fruit and Vegetable Truck Rate Reports

U.S. Diesel Fuel Prices

The diesel fuel price provides a proxy for trends in U.S. truck rates. Diesel fuel is a significant expense for fruit and vegetable movements.

Figure 2: U.S. Average On-Highway Diesel Fuel Prices



Source: Energy Information Administration/U.S. Department of Energy

Table 5: 3rd Quarter 2011 Average Diesel Fuel Prices (All Types - $/Gallon)

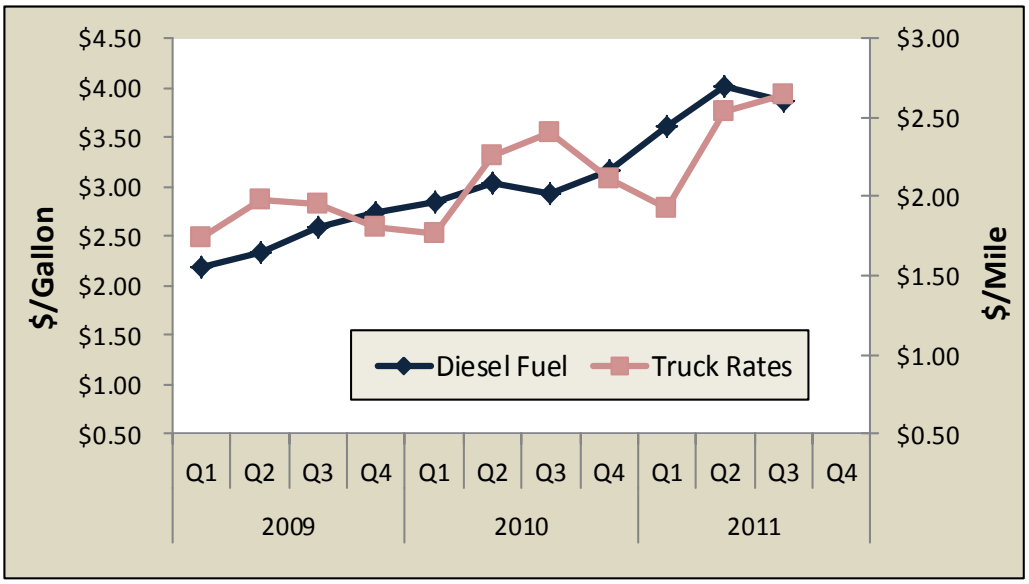
Location	Price	Change From	
		Last Quarter	Same Qtr Last Year
East Coast	3.90	-0.13	0.95
New England	4.01	-0.14	1.00
Central Atlantic	4.00	-0.15	0.97
Lower Atlantic	3.84	-0.13	0.94
Midwest	3.84	-0.13	0.93
Gulf Coast	3.82	-0.13	0.93
Rocky Mountain	3.85	-0.21	0.87
West Coast	3.96	-0.26	0.87
California	4.05	-0.27	0.91
U.S.	3.87	-0.15	0.93

Source: Energy Information Administration/U.S. Department of Energy

Relationship Between Diesel Fuel & Truck Rates

The diesel fuel price provides a proxy for trends in U.S. truck rates. Diesel fuel is a significant expense for fruit and vegetable movements.

Figure 3: U.S. Average On-Highway Diesel Fuel Prices and Truck Rates



Sources:
Diesel Fuel: Energy Information Administration/U.S. Department of Energy
Truck Rate: Agricultural Marketing Service, Fruit and Vegetable Programs, Market News Branch

Table 6: Average Diesel Fuel Prices and Truck Rates

		Diesel Fuel ($/gallon)	Truck Rates ($/mile)	% Change From:			
				Last Qtr		Same Qtr Last Year	
				Diesel	Truck	Diesel	Truck
2009	Q1	2.19	1.74	-25%	-19%	-38%	-6%
	Q2	2.34	1.98	7%	14%	-44%	-16%
	Q3	2.60	1.95	11%	-2%	-40%	-27%
	Q4	2.74	1.81	5%	-7%	-6%	-15%
2010	Q1	2.85	1.76	4%	-3%	30%	1%
	Q2	3.03	2.26	6%	28%	29%	14%
	Q3	2.94	2.40	-3%	6%	13%	23%
	Q4	3.16	2.11	7%	-12%	15%	17%
2011	Q1	3.61	1.93	14%	-9%	27%	10%
	Q2	4.02	2.54	11%	32%	33%	12%
	Q3	3.87	2.64	-4%	4%	32%	10%
	Q4						

Sources:
Diesel Fuel: Energy Information Administration/U.S. Department of Energy
Truck Rates: Agricultural Marketing Service, Fruit and Vegetable Programs, Market News Branch

Diesel fuel prices averaged $3.87 per gallon this quarter, 4 percent lower than last quarter but 32 percent higher than the same quarter last year. Average truck rates were $2.64 per mile, 4 percent higher than the previous quarter and 10 percent higher than the same quarter last year.

The effect of a change in diesel fuel prices is compounded for produce haulers because the fuel is needed to run the refrigeration unit as well as the truck.

In many cases, trucking companies and owner-operator independent drivers are not able to pass on the full increase in fuel cost to shippers due to existing contracts, competition, and the need for backhaul cargo to cover at least some of the costs of operation. In addition, some shippers offer enough business to a company that the fuel surcharge is waived. In these cases, the total surcharge collected may not be reported or fully reimbursed to those paying for the fuel.

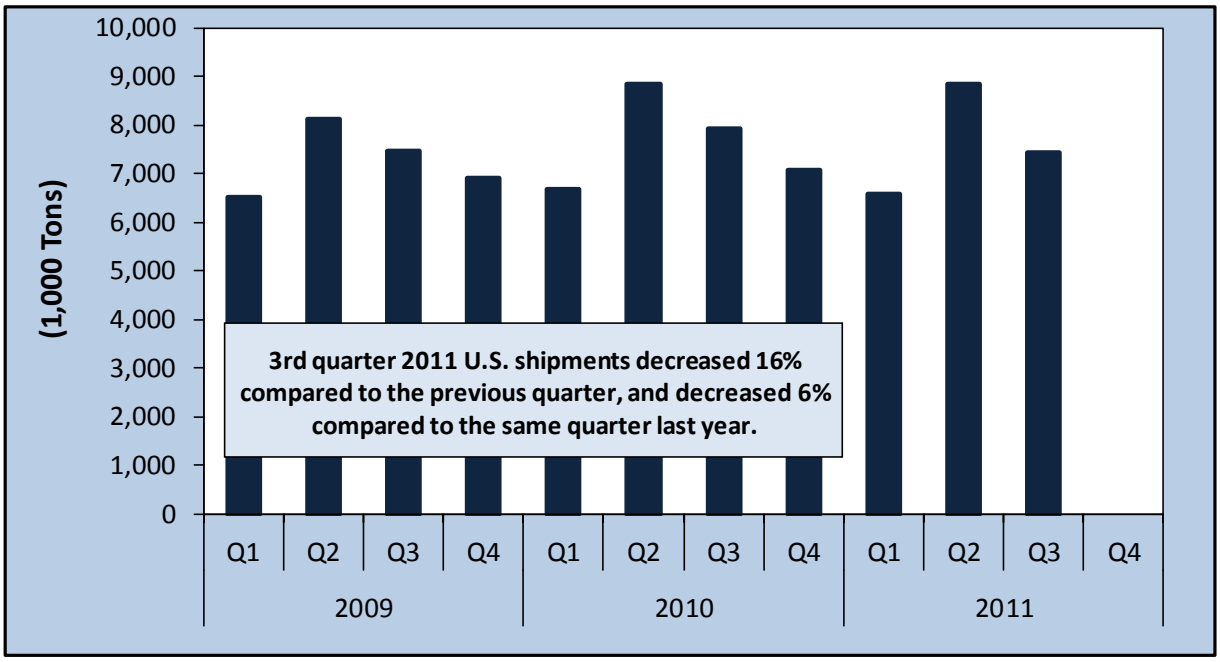
Quarterly Truck Availability

Table 7: U.S. Fresh Fruit and Vegetable Truck Availability, 2nd Quarter 2011

Region	Commodity	Truck Availability												
		Surplus - 1		Slight Surplus - 2			Adequate - 3			Slight Shortage - 4			Shortage - 5	
		Week Ending												
		7/5	7/12	7/19	7/26	8/2	8/9	8/16	8/23	8/30	9/6	9/13	9/20	9/27
CALIFORNIA, CENTRAL AND WESTERN ARIZONA														
Kern District, CA	Potatoes	3	3	3	3	3	3	3						
	Carrots	3	3	3	3	3	3	3	3	3	3	3	3	3
	Grapes				3	3	3	3	3	3	3	3	3	3
San Joaquin Valley, CA	Peaches, Nectarines	3	3	3	3	3	3	3	3	3	3	3	3	3
	Plums, Melons	3	3	3	3	3	3	3	3	3	3	3	3	3
	Pears, Grapes, Apples							3	3	3	3	3	3	3
	Peppers	3	3	3	3	3	3	3	3	3	3	3	3	3
	Onions	4	4	3	3	3	3	3	3	3	3	3		
Salinas-Watsonville, CA	Broccoli, Cauliflower	3	3	3	3	3	3	3	3	3	3	3	3	3
	Strawberries	3	3	3	3	3	3	3	3	3	3	3	3	3
	Leaf Lettuce, Raspberries	3	3	3	3	3	3	3	3	3	3	3	3	3
	Iceberg Lettuce	3	3	3	3	3	3	3	3	3	3	3	3	3
South District, CA	Avocados	3	3	3	3	3	3	3	3	3	3	3	3	
	Citrus	3	3	3	3	3	3	3	3	3	3	3	3	3
Santa Maria, CA	Broccoli, Cauliflower, Mix Veg	3	3	3	3	3	3	3	3	3	3	3	3	3
	Strawberries			3	3	3	3	3	3	3	3	3	3	3
	Iceberg Lettuce	3	3	3	3	3	3	3	3	3	3	3	3	3
Imperial, Palo Verde, Coachella Valleys, CA; Central, West AZ	Melons	3	3	3										
PACIFIC NORTHWEST (WA, ID, OR)														
Columbia Basin, WA	Potatoes	3	3	3	3	3	3	3	3	3	3	5	5	4
	Onions								3	3	3	5	5	4
Yakima Valley & Wenatchee District, WA	Apples, Pears	3	4	3	3	3	3	3	3	3	3	3	3	3
Northwestern WA	Potatoes												3	3*
Upper Valley, Twin Falls-Burley District, ID	Potatoes	4	3	3	3	3	3	3	3	3	3	3	5	4
GREAT LAKES (MI & WI)														
Central Wisconsin	Potatoes	3	3	3				3	3	3	3	3	3	3*
Michigan	Blueberries		3	3	3	3	3	3	3	3	3	3	3	3
	Apples												4	4
	Onions											3	3	3
	Melons										3	3	3	3
	Cucumbers, Summer Squash		3	3	3	3	3	3	3	3	5	3	3	
MEXICO BORDER CROSSINGS														
Through Texas	Mixed Fruits and Vegetables	3	3	3	3	3	1	1	1	1	1	1	1	1
	Lemons						1	1	1	1	1	1	1	1
	Mangoes	3	3	3	3	3	1	1	1	1				
	Limes	3	3	3	3	3	1	1	1	1	1	1	1	1
Through Nogales, AZ	Melons	3												
	Grapes	3	3											
	Mangoes	3	3	2	1	1	1	4	3	3	3	3		
TEXAS, OKLAHOMA														
Texas	Watermelons	3	3	3										
Texas and Oklahoma	Watermelons										1	1	1	1

U.S. Shipments

Figure 4: U.S. Refrigerated Fruit and Vegetable Shipments (1,000 Tons)



Source: Agricultural Marketing Service, Fruit and Vegetable Programs, Market News Branch

Table 8: U.S. Refrigerated Fruit and Vegetable Shipments (1,000 Tons)

Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual
2011	6,591	8,844	7,442		22,877
2010	6,690	8,849	7,947	7,079	30,565
2009	6,505	8,139	7,464	6,897	29,005
2008	6,669	10,462	7,173	6,368	30,672
2007	6,704	8,683	7,324	6,640	29,351
2006	6,542	8,595	7,140	6,733	29,010
2005	6,610	8,405	7,351	6,618	28,984

Source: Agricultural Marketing Service, Fruit and Vegetable Programs, Market News Branch

Shipments by Selected Commodities

Table 9: Top 10 Commodity Shipments for 3rd Quarter 2011 (1,000 Tons)

Commodity	3rd Quarter 2011	Previous Quarter	Same Quarter Last Year	Current Quarter as % change from:	
				Previous Qtr	Same Qtr Last Year
Potatoes	665	723	723	-8%	-8%
Lettuce	547	585	510	-7%	7%
Tomatoes	410	609	379	-33%	8%
Cantaloupe	395	369	403	7%	-2%
Grapes	357	174	345	105%	3%
Onions	304	463	304	-34%	0%
Watermelon	293	1,010	377	-71%	-22%
Apples	276	359	225	-23%	23%
Strawberries	241	366	246	-34%	-2%
Peppers	231	251	209	-8%	11%

Source: Agricultural Marketing Service, Fruit and Vegetable Programs, Market News Branch

Regional Markets

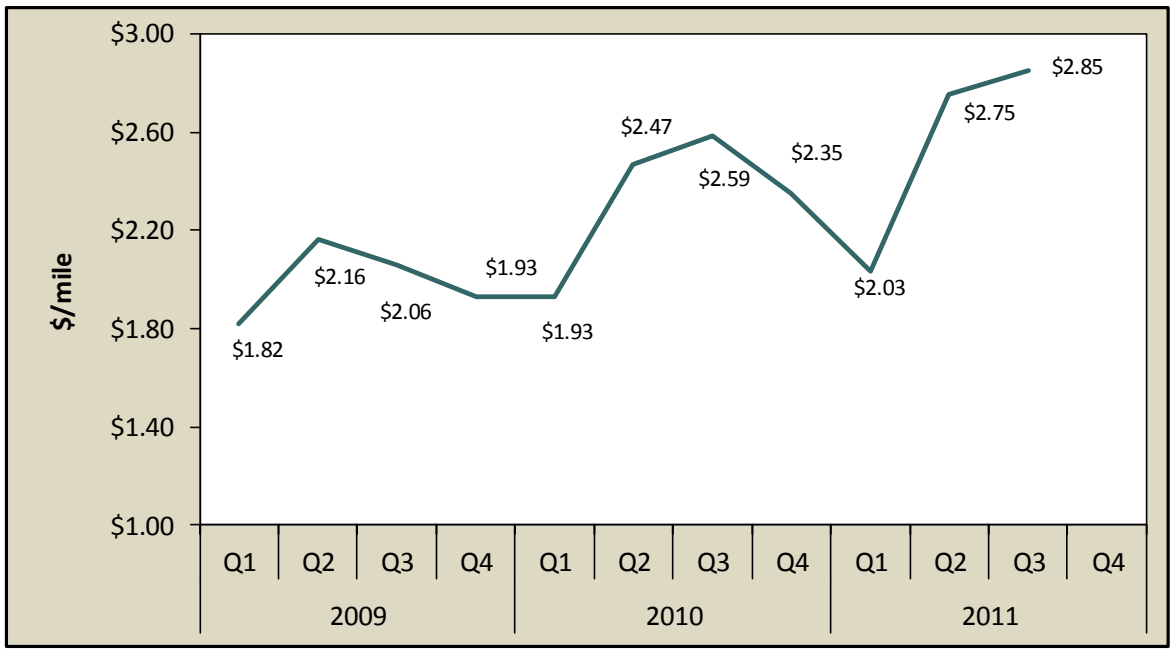
California

Table 10: Top Five Commodities Shipped from California (1,000 tons)

Commodity	3rd Quarter 2011	Share of California Total	Previous Quarter	Same Quarter Last Year	Current Quarter as % change from:	
					Previous Qtr	Same Qtr Last Year
Lettuce	538	17%	523	496	3%	9%
Cantaloupe	369	11%	98	372	276%	-1%
Grapes	352	11%	_	331	_	6%
Strawberries	241	7%	346	246	-30%	-2%
Tomatoes	193	6%	_	187	_	3%
Top 5 Total	**1,693**	**52%**	**967**	**1,632**	**75%**	**4%**
California Total	**3,237**	**100%**	**601**	**3,441**	**439%**	**-6%**

Source: Agricultural Marketing Service, Fruit and Vegetable Programs, Market News Branch
"-" indicates no reported shipments during the quarter.

Figure 5: California Truck Rates ($/Mile)



Source: Agricultural Marketing Service, Fruit and Vegetable Programs, Market News Branch

Figure 6: Truck Overview

Region/Reporting District	Diesel Fuel	Truck Rate	July	August	September
			Monthly Rating		
	$/per gallon	$/per mile	1=Surplus to 5=Shortage		
Regional Average	**$4.05**	**$2.85**	**3.02**	**3.00**	**3.00**
Kern District, CA			3.00	3.00	3.00
San Joaquin Valley, CA			3.12	3.00	3.00
Salinas-Watsonville, CA			3.00	3.00	3.00
South District, CA			3.00	3.00	3.00
Santa Maria, CA			3.00	3.00	3.00
Imperial, Palo Verde, Coachella Valleys, CA; Central, West AZ			3.00	3.00	3.00

n/a: availability data not reported
Diesel Fuel Source: Energy Information Administration/U.S. Department of Energy
For the purpose of this report the California sub-group of the West Coast PAD District 5 was used to represent the diesel fuel price.

Volume: The volume for the top five commodities shipped from California increased 4 percent from the same quarter last year but the total for the quarter decreased by 6 percent. The Economic Research Service's latest *Vegetables and Melons Outlook* reports that California fresh-market vegetable acreage for late summer/early fall is 6 percent higher this year, although much of this is concentrated in a 5,000-acre increase for carrots. Higher expected acreage in carrots, broccoli, sweet corn, celery, and cauliflower will offset lower acreage for head lettuce and tomatoes. A consistently cool summer in California helped achieve good yields for lettuce and another expected record yield for tomatoes, 47.5 tons per acre-4 percent above last year's record. The record yield contributed to lower wholesale prices, increased quantity, and the expected reduction in tomato acreage.

Rates: The quarterly average truck rate was $2.85 per mile, 4 percent higher than last quarter and 10 percent higher than the same quarter last year. The average rate per mile during this same period last year was $2.59.

Truck Overview: Diesel fuel prices averaged $4.05 per gallon, 6 percent lower than last quarter, but 29 percent higher than the same period last year. On average, truck availability was adequate throughout the 3rd quarter, with the exception of a slight shortage for onions during the first two weeks of July in the San Joaquin Valley. Truck availability was generally better than the third quarter last year, which had slight shortages mid-July through August at several locations.

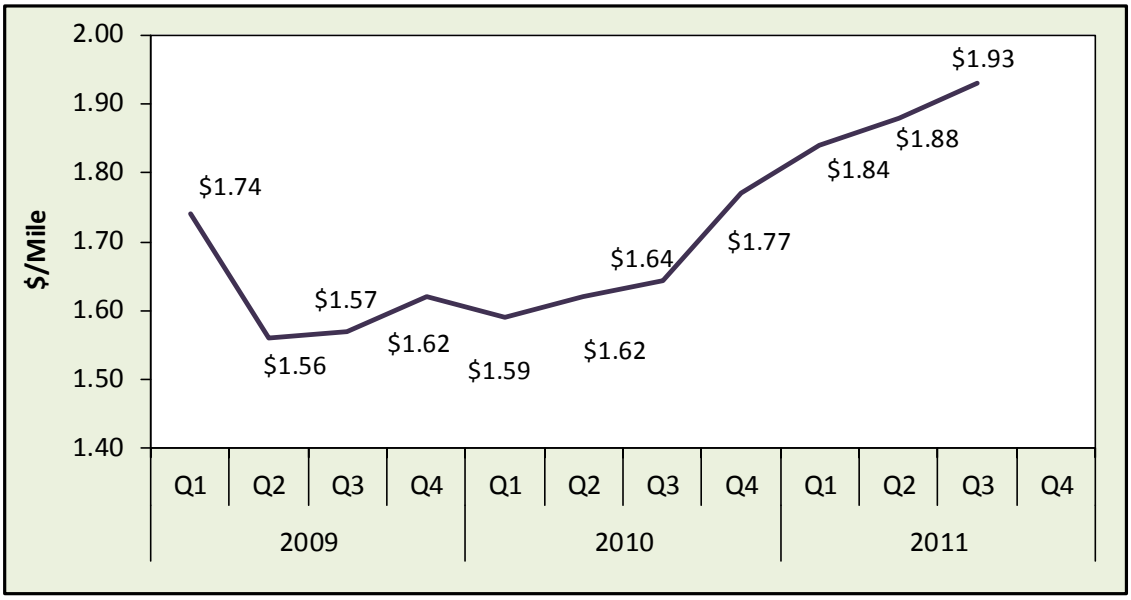
Pacific Northwest (PNW)

Table 11: Top 5 Commodities Shipped from PNW (1,000 tons)

Commodity	3rd Quarter 2011	Share of PNW Total	Previous Quarter	Same Quarter Last Year	Current Quarter as % change from:	
					Previous Qtr	Same Qtr Last Year
Potatoes	451	44%	432	499	4%	-10%
Apples	226	22%	355	192	-36%	18%
Onions	142	14%	86	91	65%	56%
Cherries	117	12%	13	99	799%	18%
Blueberries	38	4%	_	35	_	9%
Top 5 Total	**974**	**96%**	**886**	**916**	10%	6%
PNW Total	**1,015**	**100%**	**1,231**	**940**	**-18%**	**8%**

Source: Agricultural Marketing Service, Fruit and Vegetable Programs, Market News Branch
Note: "-" indicates no reported shipments during the quarter.

Figure 7: PNW Truck Rates ($/Mile)



Source: Agricultural Marketing Service, Fruit and Vegetable Programs, Market News Branch

Figure 8: Truck Overview

Region/Reporting District	Diesel Fuel	Truck Rate	July	August	September
			Monthly Rating		
	$/per gallon	$/per mile	1=Surplus to 5=Shortage		
Regional Average	**$3.96**	**$1.93**	**3.13**	**3.00**	**3.50**
Columbia Basin, WA			3.00	3.00	4.25
Yakima Valley & Wenatchee District, WA			3.20	3.00	3.00
Northwestern WA			n/a	n/a	3.00
Upper Valley, Twin Falls-Burley District, ID			3.20	3.00	3.75

n/a: availability data not reported
Diesel Fuel Source: Energy Information Administration/U.S. Department of Energy
For the purpose of this report the West Coast PAD District 5 was used to represent the diesel fuel price for PNW.

Volume: The top five commodities moved by truck from the Pacific Northwest (PNW) increased 6 percent and total commodities increased 8 percent from the same quarter last year. Reported potato shipments decreased by 10 percent; all other shipments experienced increases. The most notable increase was 56 percent for onions. According to ERS' *Vegetable and Melon Outlook*, Washington is having record-high yields in storage onions while Oregon and Idaho's harvests were delayed several weeks by cool wet weather. However, several months of favorable weather for Washington and Idaho are likely to leave harvest progress unchanged for potatoes. Idaho's harvest area is expected to increase 9 percent over last year to 319,000 acres, and Washington's is expected to increase 16 percent to 155,000 acres.

Rates: The average rate per mile in the PNW was $1.93, an increase of 3 percent from last quarter and an 18 percent increase from the same quarter last year.

Truck Overview: Diesel fuel prices averaged $3.96 per gallon, 6 percent lower than last quarter, and 28 percent higher than the same quarter last year. On average, shippers in the PNW experienced close-to-adequate truck availability throughout the 3rd quarter except for slight and full shortages during the last three weeks of September. These shortages occurred for onion and potato shippers from the Columbia Basin in Washington and potato shippers from the Upper Valley, Twin Falls-Burley District of Idaho

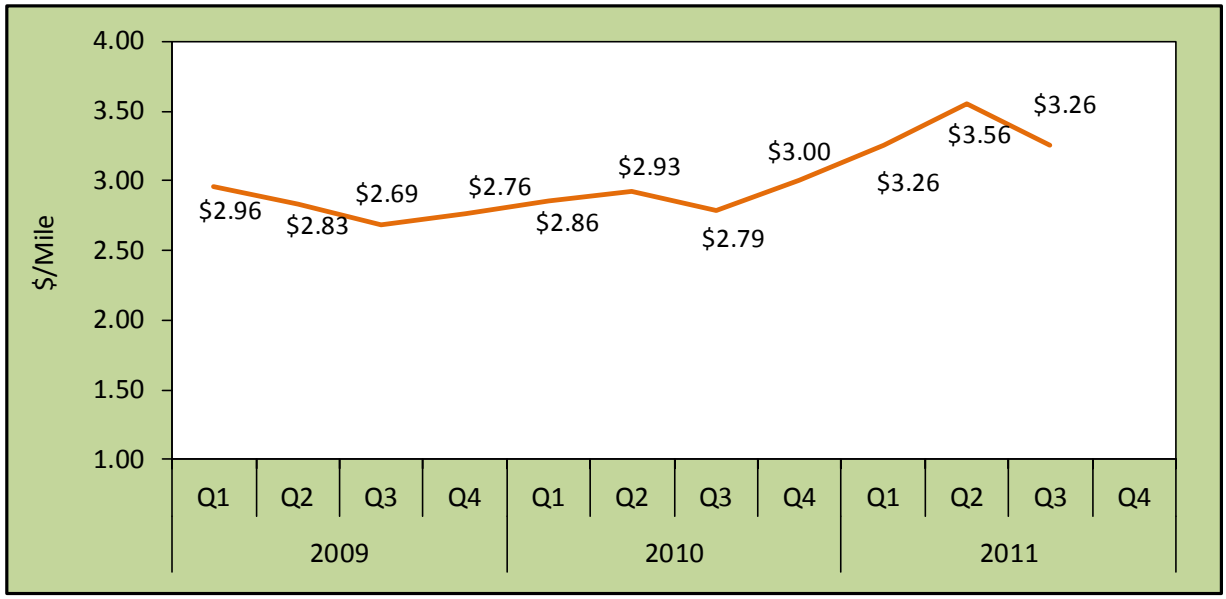
Great Lakes

Table 12: Top 5 Commodities Shipped from Great Lakes (1,000 tons)

Commodity	3rd Quarter 2011	Share of Great Lakes Total	Previous Quarter	Same Quarter Last Year	Current Quarter as % change from:	
					Previous Qtr	Same Qtr Last Year
Potatoes	71	25%	67	65	6%	9%
Cucumbers	51	18%	1	74	-	-31%
Cabbage	24	9%	1	21	-	14%
Watermelon	22	8%	-	-	-	-
Apples	15	5%	4	13	320%	18%
Top 5 Total	**183**	65%	**72**	**173**	156%	6%
Great Lakes Total	**281**	**100%**	**72**	**302**	**290%**	**-7%**

Source: Agricultural Marketing Service, Fruit and Vegetable Programs, Market News Branch
Note: "-" indicates no reported shipments during the quarter.

Figure 9: Great Lakes Truck Rates ($/Mile)



Source: Agricultural Marketing Service, Fruit and Vegetable Programs, Market News Branch

Figure 10: Truck Overview

Region/Reporting District	Diesel Fuel	Truck Rate	July	August	September
			Monthly Rating		
	$/per gallon	$/per mile	1=Surplus to 5=Shortage		
Regional Average	**$3.84**	**$3.26**	**3.00**	**3.00**	**3.17**
Central Wisconsin			3.00	3.00	3.00
Michigan			3.00	3.00	3.33

Diesel Fuel Source: Energy Information Administration/U.S. Department of Energy
For the purpose of this report the Midwest PAD District 2 was used to represent the diesel fuel price.

Volume: Reported fruit and vegetable shipments from the Great Lakes Region during the third quarter decreased 7 percent from the same quarter last year. However, the top five commodities increased by 6 percent compared with last year; all but 1 of the top five products experienced increased shipments. Nearly all shipments not in the top five saw decreases compared with last year. Potatoes remained the top commodity and increased 6 percent over last quarter and 9 percent over the same quarter last year. Shipments of cabbage, watermelon, and apples increased as well. Cucumber shipments were the only commodity in the top five that decreased (31 percent) from last year, probably because of harvest delays caused by poor growing conditions earlier in the season.

Rates: The average rate per mile in the Great Lakes region was $3.26, down 9 percent from last quarter, but up 17 percent from the same quarter last year.

Truck Overview: Diesel fuel prices averaged $3.84 per gallon, 3 percent lower than the previous quarter but 32 percent higher than the same quarter last year. Truck availability was adequate for Central Wisconsin and Michigan most of the quarter. Slight shortages were experienced for apple shipments from Michigan during the last 2 weeks of September

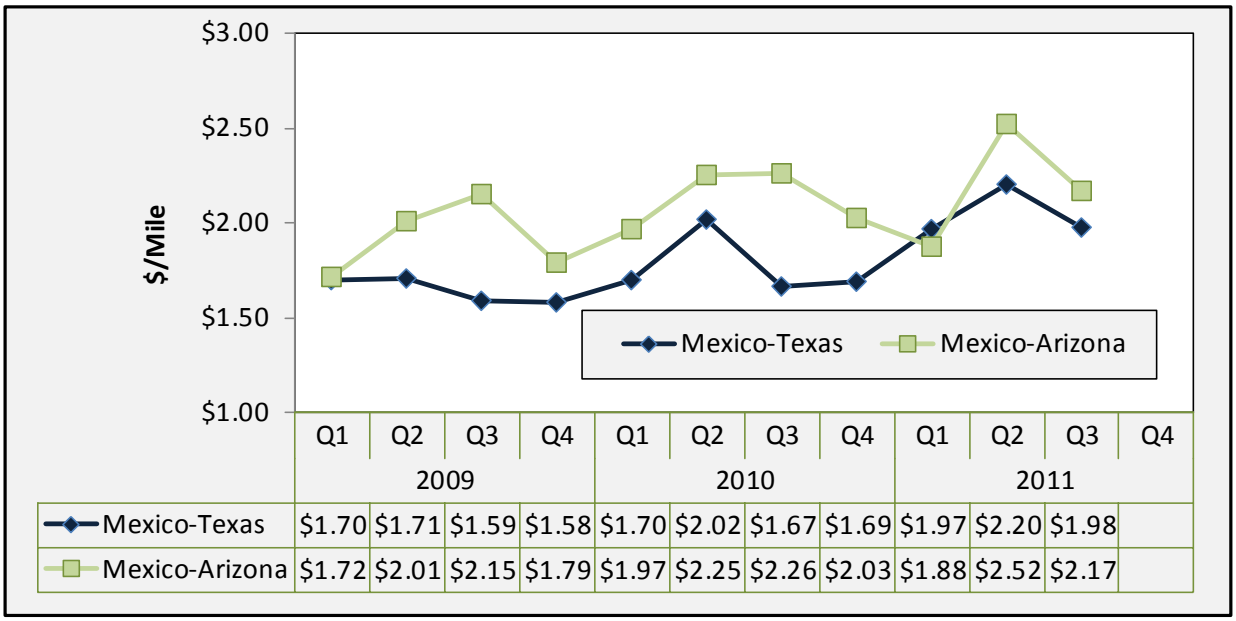
Mexico

Table 13: Top 5 Commodities Shipped from Mexico (1,000 tons)

Commodity	3rd Quarter 2011	Share of Mexico Total	Previous Quarter	Same Quarter Last Year	Current Quarter as % change from:	
					Previous Qtr	Same Qtr Last Year
Tomatoes	201	21%	309	171	-35%	17%
Limes	122	13%	106	127	15%	-4%
Peppers	109	11%	136	92	-20%	18%
Mangoes	83	9%	137	115	-40%	-28%
Misc Tropical	52	5%	60	48	-13%	9%
Top 5 Total	**566**	**59%**	**748**	**553**	**-24%**	**2%**
Mexico Total	**954**	**100%**	**2,020**	**950**	**-53%**	**0%**

Source: Agricultural Marketing Service, Fruit and Vegetable Programs, Market News Branch
Note: "-" indicates no reported shipments during the quarter.

Figure 11: Mexico Truck Rates ($/Mile)



	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	2009				2010				2011			
Mexico-Texas	$1.70	$1.71	$1.59	$1.58	$1.70	$2.02	$1.67	$1.69	$1.97	$2.20	$1.98	
Mexico-Arizona	$1.72	$2.01	$2.15	$1.79	$1.97	$2.25	$2.26	$2.03	$1.88	$2.52	$2.17	

Source: Agricultural Marketing Service, Fruit and Vegetable Programs, Market News Branch

Figure 12: Truck Overview

Region/Reporting District	Diesel Fuel	Truck Rate	April	May	June
			Monthly Rating		
	$/per gallon	$/per mile	1=Surplus to 5=Shortage		
Regional Crossing Average			**4.25**	**4.68**	**3.75**
Through Texas	$3.95	$2.20	4.75	4.62	3.75
Through Nogales, AZ	$4.22	$2.52	3.75	4.73	3.75

Diesel Fuel Source: Energy Information Administration/U.S. Department of Energy

For the purpose of this report the Gulf Coast PAD District 3 was used to represent the diesel fuel price through Texas.
For the purpose of this report the West Coast PAD District 5 was used to represent the diesel fuel price through Arizona.

Volume: Reported fruit and vegetable shipments from Mexico during the 3rd quarter were relatively unchanged from the same quarter last year. Three of the top five commodities shipped from Mexico during the quarter increased—tomatoes increased 17 percent, peppers increased 18 percent, and miscellaneous tropical fruit increased 9 percent. The remaining two commodities saw decreases from the previous year—limes decreased 4 percent and mangoes decreased 28 percent. According to the latest Economic Research Service's *Vegetable and Melon Outlook*, "Fresh-tomato movement increased this past summer largely on the strength of rising volume from greenhouse-grown products such as imported Roma tomatoes from Mexico." The Packer also confirmed that Mexican tomato and pepper producers are making use of greenhouses and other protected agriculture practices for commercial vegetable production, which provides a year-round supply for the U.S. market.

Rates: Truck rates for border crossings through Texas averaged $1.98 per mile, 10 percent below last quarter but 19 percent higher than the same quarter last year. Rates for crossings through Arizona averaged $2.17 per mile, 14 percent below last quarter and 4 percent lower than the same quarter last year.

Truck Overview: Diesel fuel prices for border crossings through Texas averaged $3.82 per gallon, down 3 percent from the previous quarter. Diesel fuel prices for border crossings through Nogales, AZ, averaged $3.96 per mile, down 6 percent from the previous quarter. Truck availability during the third quarter averaged from adequate to a surplus. Texas border crossings experienced adequate availability during July and surplus conditions in August and September. Availability through Arizona border crossing points experienced adequate conditions for the first 2 weeks in July, then surplus conditions for the rest of the month. Availability the rest of the quarter was mostly adequate with one week of slight shortages for mango imports during the second week of August.

Terms and References

Data Sources: This information is compiled from the weekly *Fruit and Vegetable Truck Rate Reports* by USDA, Agricultural Marketing Service (AMS), Fruit and Vegetable Programs, Market News Branch. The website is: http://marketnews.usda.gov/portal/fv.

Regional Markets: For the regional markets, some states are grouped into producing regions. The Pacific Northwest region includes Idaho, Oregon, and Washington. The Great Lakes region includes Michigan and Wisconsin.

Shipment Volumes: Truck shipments for all commodities and origins are not available. Those obtainable are reported, but should not be interpreted as representing complete movements of a commodity. Truck shipments from all states are collected at shipping points and include both interstate and intrastate movements. They are obtained from various sources, including Federal marketing orders, administrative committees, Federal State Inspection Service, and shippers. Volume amounts are represented in 10,000 pound units, or 1,000 10-lb packages but are converted to 1,000 tons for this report. Mexican border crossings through Arizona and Texas data is obtained from the Department of Homeland Security (DHS), U.S. Customs and Border and Protection (CBP) through USDA, AMS, Market News.

Rates: This information is compiled from the weekly *Fruit and Vegetable Truck Rate Reports*. Rates quoted represent open (spot) market rates that shippers or receivers pay depending on basis of sale, per load, including truck brokers fees for shipments in truck load volume to a single destination. Extra charges for delivery to terminal markets, multipickup and multidrop shipments are not included unless otherwise stated. Rates are based on the most usual loads in 48-53 foot trailers from the origin shipping area to the destination receiving city. In areas where rates are based on package rates, per load rates were derived by multiplying the package rate by the number of packages in the most usual load in a 48-53 foot trailer. Slightly cheaper rates will be reported during Quarters 2 and 3 as about 50 percent of onion shipments from California are hauled on open flatbed trailers. During Quarter 3, less than 20 percent of onions hauled from Washington, Idaho, and Oregon are on open flatbeds. This information is compiled from the weekly Fruit and Vegetable Truck Rate Reports by USDA, Agricultural Marketing Service (AMS), Fruit and Vegetable Programs, Market News Branch.

Regional Rates: Rate data for 8 destination markets are used to calculate average origin regional rates.

Long-Haul Route Detail: The national rates reflect long-haul truck rates. The rates include the national rate, weighted by commodity and origin volume. For the purpose of this report long-hauls considered as distance traveled over 100 miles from point of origin to the destination.

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Related Websites:

Fruit and Vegetable Programs
http://www.ams.usda.gov/fv

Fruit and Vegetable Truck Report
http://search.ams.usda.gov/mnsearch/MNSearchResults.aspx

Economic Research Service Vegetable and Melons Outlook
http://www.ers.usda.gov/publications/vgs/

Economic Research Service Fruit and Tree Nuts Outlook
http://www.ers.usda.gov/publications/fts/

National Agricultural Statistics Service
http://www.nass.usda.gov/